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NEWS

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STATEMENT OF
THE HONORABLE HERBERT H. BATEMAN
CHAIRMAN, SUBCOMMITTEE ON MILITARY READINESS

I would like to welcome everyone to this Military Readiness Subcommittee hearing. Yesterday, the subcommittee held a hearing that began our review of the President's fiscal year 2000 budget request and the adequacy of that budget request to sufficiently support the critical readiness needs of our armed forces. This hearing looks at an area of the military that is often forgotten when we discuss readiness. However, I am convinced it is a critical segment of the readiness equation. I am talking about the logistical support and sustainment of our military forces.

Today's hearing will, in part, look at the processes currently used by the military to manage logistics, especially the purchase, storage and distribution of spare parts within the military services. In addition, we expect the witnesses to address their ongoing efforts to improve the visibility of the military's entire inventory. The committee is aware of the many challenges that are associated with the purchase, storage, and distribution of the myriad of supplies and parts required of a large military force, especially a force that is expected to go to war with little or no notice. However, reports that DOD has large inventories in excess of current needs, while at the same time experiencing shortfalls in some inventory items makes me wonder about the procedures in place to manage the true needs of the military. I become particularly concerned when I become aware of the problems created by the lack of spare parts at the military unit level. The readiness implications for these units and the personnel who must maintain the equipment, is staggering.

From visiting with units in the field, we know it takes a tremendous effort by maintenance personnel to maintain equipment to the standards necessary to go to war. The absence of adequate parts only makes the problem more difficult and sometimes impossible. When parts are not available personnel often must take parts from other like pieces of equipment to get at least one up and going. This process, called cannibalization of parts, creates additional workload for the maintenance personnel and often creates additional problems in that some 25 percent of these exchanges of parts results in additional breakage and additional maintenance work.

The shortages of parts have a direct impact on the readiness status of our combat forces. We continue to hear reports that indicate the mission capable rates of key combat systems continue to slip throughout the military. For example, the Air Force's aircraft mission capable rate has fallen from 84.6 percent in 1990 to 74.3 percent in 1998. Often this slippage in mission capable rates has been the direct result of a lack of spare parts. Specifically, total non mission capable rates caused by a lack of supply of spare parts has increased steadily from 6.4 percent to 13.9 percent between fiscal years 1990 and 1998. It is my belief that a large part of the problem comes from an inadequate amount of money being made available to purchase the parts but I also believe that problems still exist with the visibility of the inventory of parts that do exist in the warehouse and in the distribution pipeline.

The General Accounting Office believes that the vulnerability of in-transit inventory to waste fraud and abuse is an area of great concern. In February 1998, GAO reported that DOD did not have receipts for about 60 percent of its 21 million shipments to end users in fiscal year 1997. Later work done by GAO shows that, over the last three years, the Navy alone reportedly wrote off as lost over \$3 billion in inventory in transit. The committee is aware that DOD has had many difficulties in obtaining timely and accurate information on the location and status equipment and supplies. The continuing lack of adequate visibility over materials and supplies substantially increases the risk that millions of dollars will be spent unnecessarily to acquire more items than would be needed if a clearer, more accurate picture existed of items in the inventory and in transit. My ultimate concern, however, is when a unit is preparing for combat, it may be affected by the absence of a critically needed part.

Today I hope to learn about DOD efforts to develop a Total Asset Visibility program for tracking, on a continuous basis, all equipment, supplies, and spare parts, as well as requisitions. It disturbs me that we first heard of the development of a Total Asset Visibility program as early as 1995 and we are now told it may be as late as 2004 before we see implementation. We know that current business practices in the private sector enables a customers to order supplies as they are needed and receive them within hours. Why it is taking so long for DOD to develop an asset visibility system that can be accessed and utilized by all services and agencies remains a mystery to me and I hope our witnesses can enlighten us here today.

Another area I hope our witnesses will enlighten us, is on the current status of DOD's efforts to comply with language in last year's Committee Report (105-532) which required DOD to review and report to the Committee by December 1, 1998, on its efforts to improve DOD's information technology management. Of particular concern to me, because of the many computer systems associated with the logistics community, is DOD's plans to perform the required vulnerability assessments and operational testing for Year 2000 compliance or contingency plans. It is my hope that we will be assured that adequate tests are being conducted and that we are on schedule to ensure the continued flow of spare parts and supplies in the year 2000.